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Person To Contact:

ID No.

Telephone Number:

Refer Reply To:

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Date:

August 28, 2020

Legend

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

LLC 5 =

LLC 6 =

DRE 1 =

DRE 2 =

DRE 3 =

DRE 4 =

DRE 5 =

DRE 6 =

DRE 7 =

DRE 8 =

DRE 9 =

DRE 10 =

DRE 11 =

FPRS 1 =

FPRS 2 =

State A =

Country A =

Country B =

Country C =

Country D =

Country E =

a =

b =

c =

d =

e =

f =

g =

h =

i =

i =

k =

l =

m =

n =

o =

p =

q =

r =

Date A =

Date B =

Date C =

Date D =

Date E =

Dear :

This letter responds to your authorized representatives' letter dated February 4, 2020, requesting rulings on certain federal income tax consequences of a series of completed transactions described below (the "Completed Transaction"). The information provided in that request and in subsequent correspondence is summarized below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. While this Office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2020-1, 2020-1 I.R.B. 1, regarding rulings on one or more significant issues under sections 332, 351, 355, 368, or 1036 of the Internal Revenue Code. The rulings contained in this letter only address one or more discrete legal issues involved in the Completed Transaction. This Office expresses no opinion as to the overall tax consequences of the Completed Transaction or as to any issue not specifically addressed by the rulings below.

Facts

Parent is a publicly traded State A corporation and is the common parent of an affiliated group of corporations that files a consolidated return for U.S. federal income tax purposes. Parent owns all the stock of Sub 1 and Sub 4. Sub 1 owns all the stock of Sub 2. Prior to Date A, Sub 2 owned more than e% of the stock of Sub 3, with the remainder of the stock of Sub 3 owned by Sub 4. On Date A, Sub 4's minority interest in Sub 3 was eliminated, such that after Date A, Sub 2 owned all the stock of Sub 3.

Sub 2 also owns all the interests in LLC 6, a limited liability company that is treated as a disregarded entity for U.S. federal income tax purposes (a "disregarded entity"). Sub 3 owns all the interests in LLC 1, a disregarded entity and (as a general partner) b% of FPRS 1, a Country A entity that is treated as a partnership for U.S. federal income tax purposes. Sub 2 and LLC 1 (as limited partners) respectively own the remaining c% and d% of FPRS 1.

FPRS 1 owns all of the interests in LLC 2, a disregarded entity. Together, FPRS 1 owns approximately a a% interest and LLC 2 owns the remainder in FSub 1, a Country A entity that is treated as a corporation for U.S. federal income tax purposes.

FSub 1 owns all of the interests in LLC 3, a disregarded entity. FSub 1 owns approximately a a% interest and LLC 3 owns the remainder in FSub 2, a Country A entity that is treated as a corporation for U.S. federal income tax purposes.

FSub 2 owns all of the interests in LLC 4 and LLC 5, both of which are disregarded entities; an e% interest in FSub 3, a Country A entity that is treated as a corporation for U.S. federal income tax purposes; and an e% interest in FSub 4, a Country A entity that is treated as a corporation for U.S. federal income tax purposes. LLC 4 owns the remaining interests in FSub 3 and FSub 4,

FSub 2, along with FSub1, FSub3, and LLC 3, owns FSub 5, a Country A entity that is treated as a corporation for U.S. federal income tax purposes. FSub 2 owns a f% interest in FSub 5, FSub 1 owns g%, FSub 3 owns h%, and LLC 3 owns the remainder.

FSub 2, along with FSub 3, FSub 4, FSub 5, Sub 3, and LLC 5, owns FPRS 2, a Country A entity that is treated as a partnership for U.S. income tax purposes. FSub 2 owns a i% interest, FSub 3 owns j%, FSub 4 owns k%, FSub5 owns l%, Sub 3 owns m%, and LLC 5 owns the remainder in FPRS 2.

FPRS 2 owns all of the interests in DRE 1, a Country A disregarded entity. DRE 1 owns all of the interests in DRE 2 and DRE 3, each of which is a Country A disregarded entity.

DRE 3 owns all of the interests in DRE 4 and DRE 7, each of which is a Country A disregarded entity . DRE 4 owns all of the interests in DRE 5, a Country B disregarded entity. DRE 5 owns all of the interests in DRE 6, a Country B disregarded entity.

DRE 7 owns all of the interests in DRE 8, a Country A disregarded entity. DRE 8 owns all of the interests in DRE 9, a newly formed Country D disregarded entity.

DRE 1 owns a p%, DRE 3 owns a q%, and DRE 7 owns a r% interest in DRE 10, a newly formed Country C disregarded entity.

Sub 2 owns a n% interest, and LLC 6 owns the remaining o% interest in DRE 11, a Country B disregarded entity.

Parent also operates branches through Sub 1 and Sub 2. Sub 1 operates branches in certain countries including Country C, and Country D. Sub 2 operates branches in certain countries including Country E.

Completed Transaction

Parent undertook the Completed Transaction in order to transfer certain of the assets and liabilities of certain foreign branches of Sub 1 and Sub 2 and DRE 11 (the "Target Assets") to FPRS 2.

The Completed Transaction has been completed as of the date of this ruling, but either the tax return has not yet been filled for the year in which the transaction was completed or the tax return was filed for the year in which the transaction was completed, but this ruling request was filed prior to the filing of the tax return.

The steps of the Completed Transaction are set forth below:

Sub 1 Restructuring

Sub 1 Country C Branch Restructuring

- (i) On or before Date B, Sub 1 contributed cash (the "Targeted Cash") equal to the fair market value of the Target Assets of its Country C Branch (the "Sub 1 Country C Branch") to Sub 2 as contribution to capital.
- (ii) Sub 2 contributed the Targeted Cash to Sub 3 as a contribution to capital.
- (iii) Sub 3 contributed the Targeted Cash to FPRS 2 in exchange for an additional partnership interest in FPRS 2.
- (iv) FPRS 2 contributed the Targeted Cash to DRE 1.
- (v) DRE 1 contributed the Targeted Cash to DRE 3.
- (vi) DRE 3 contributed the Targeted Cash to DRE 7.
- (vii) DRE 7 contributed the Targeted Cash to DRE 10.
- (viii) Sub 1 sold the Target Assets of the Sub 1 Country C Branch to DRE 10 in exchange for the Targeted Cash.

Sub 1 Country D Branch Restructuring

- (ix) On Date C, Sub 1 sold the Target Assets of its Country D Branch (the "Sub 1 Country D Branch") to DRE 9 in exchange for a note equal to the fair market value of the Target Assets of the Sub 1 Country D Branch ("Note 1").
- (x) Sub 1 contributed Note 1 to Sub 2 as a contribution to capital.
- (xi) Sub 2 contributed Note 1 to Sub 3 in exchange for shares and cash (in lieu of the issuance of fractional shares).
- (xii) Sub 3 contributed Note 1 to FPRS 2 in exchange for an additional partnership interest in FPRS 2.

- (xiii) FPRS 2 sold Note 1 to DRE 8 in exchange for non-interest bearing note.
- (xiv) DRE 8 contributed Note 1 to DRE 9.

Sub 2 Restructuring

DRE 11 Restructuring

- (xv) On Date D, DRE 11 sold a portion of its Target Assets (the "DRE 11 Target Assets") to DRE 6 in exchange for a note equal to the fair market value of the portion of the Target Assets of DRE 11 transferred ("Note 2").
- (xvi) DRE 11 distributed Note 2 pro rata to Sub 2 and LLC 6, thereby bifurcating Note 2 into Note 3 (distributed to Sub 2) and Note 4 (distributed to LLC 6). LLC 6 distributed Note 4 to Sub 2.
- (xvii) Sub 2 contributed Note 3 and 4 to Sub 3 in exchange for shares and cash (in lieu of the issuance of fractional shares).
- (xviii) Sub 3 contributed Note 3 and 4 to FPRS 2 in exchange for an additional partnership interest in FPRS 2.
- (xix) FPRS 2 sold Note 3 and 4 to DRE 4 in exchange for a non-interest bearing note.
- (xx) DRE 4 sold Note 3 and 4 to DRE 5 in exchange for a new note ("New Note").
- (xxi) DRE 5 issued new shares and cash (in lieu of the issuance of fractional shares) to DRE 4 in exchange for New Note.
- (xxii) DRE 6 issued new shares and cash (in lieu of the issuance of fractional shares) to DRE 5 in exchange for Note 3 and 4.

Sub 2 Country E Branch Restructuring

- (xxiii) On Date E, the principal in the commercial agency relationship of Sub 2's Country E Branch (the "Sub 2 Country E Branch") changed from Sub 2 to DRE 2. In consideration for the transfer, DRE 2 issued a note equal to the fair market value of the Target Assets of the Sub 2 Country E Branch ("Note 5").
- (xxiv) Sub 2 contributed Note 5 to Sub 3 in exchange for shares and cash (in lieu of the issuance of fractional shares).

- (xxv) Sub 3 contributed Note 5 to FPRS 2 in exchange for an additional partnership interest in FPRS 2.
- (xxvi) FPRS 2 sold Note 5 to DRE 2 in exchange for a non-interest bearing note.

Representations

The taxpayer makes the following representations with respect to the Completed Transaction:

Sub 1 Country C Branch Restructuring

- a) The Targeted Cash that originated in Sub 1 and ultimately transferred to DRE 10 was equal to the fair market value of the Sub 1 Country C Branch Target Assets.
- b) The additional paid in capital in Sub 2 received by Sub 1 in exchange for the Targeted Cash was equal to the fair market value of the Sub 1 Country C Branch Target Assets transferred to DRE 10.
- c) The additional paid in capital in Sub 3 received by Sub 2 in exchange for the Targeted Cash was equal to the fair market value of the Sub 1 Country C Branch Target Assets transferred to DRE 10.
- d) The fair market value of the partnership interest issued by FPRS 2 to Sub 3 in exchange for the Targeted Cash was equal to the fair market value of the Sub 1 Country C Branch Target Assets transferred to DRE 10.
- e) Neither Sub 1 nor Sub 2 were issued, or became the owner of, an interest in FPRS 2.
- f) Steps (i) through (viii) occurred pursuant to a binding commitment to undertake such steps.
- g) Each transaction step was documented and implemented in a manner that complies with all applicable U.S. federal and state law and foreign law requirements.

Sub 1 Country D Branch Restructuring

- h) Note 1 did not constitute stock or securities for U.S. federal income tax purposes.

- i) The value of Note 1 issued by and ultimately transferred to DRE 9 was equal to the fair market value of the Sub 1 Country D Branch Target Assets.
- j) Steps (ix) through (xiv) occurred pursuant to a binding commitment to undertake such steps.
- k) The additional paid in capital in Sub 2 received by Sub 1 in exchange for Note 1 was equal to the fair market value of the Sub 1 Country D Branch Target Assets transferred to DRE 9.
- l) The fair market value of the Sub 3 shares and cash issued by Sub 3 to Sub 2 in exchange for Note 1 was equal to the fair market value of the Sub 1 Country D Branch Target Assets transferred to DRE 9.
- m) The fair market value of the partnership interest issued by FPRS 2 to Sub 3 in exchange for Note 1 was equal to the fair market value of the Sub 1 Country D Branch Target Assets transferred to DRE 9.
- n) Neither Sub 1 nor Sub 2 were issued, or became the owner of, an interest in FPRS 2.
- o) Each transaction step was documented and implemented in a manner that complies with all applicable U.S. federal and state law and foreign law requirements.

Sub 2 DRE 11 Restructuring

- p) Notes 2, 3, and 4 did not constitute stock or securities for U.S. federal income tax purposes.
- q) The value of Note 2 (and the combined values of Notes 3 and 4) that was issued by and ultimately transferred to DRE 6 was equal to the fair market value of the portion of the DRE 11 Target Assets transferred to DRE 6.
- r) Steps (xv) through (xxii) occurred pursuant to a binding commitment to undertake such steps.
- s) The fair market value of the Sub 3 shares and cash issued by Sub 3 to Sub 2 in exchange for Notes 3 and 4 was equal to the fair market value of the portion of the DRE 11 Target Assets transferred to DRE 6.
- t) The fair market value of the partnership interest issued by FPRS 2 to Sub 3 in exchange for Notes 3 and 4 was equal to the fair market value of the portion of the DRE 11 Target Assets transferred to DRE 6.

- u) Sub 2 was neither issued, nor became the owner of, an interest in FPRS 2.
- v) Each transaction step was documented and implemented in a manner that complies with all applicable U.S. federal and state law and foreign law requirements.

Sub 2 Country E Branch Restructuring

- w) Note 5 did not constitute stock or securities for U.S. federal income tax purposes.
- x) The value of Note 5 that was issued by and ultimately transferred to DRE 2 was equal to the fair market value of the Sub 2 Country E Branch Target Assets.
- y) Steps (xxiii) through (xxvi) occurred pursuant to a binding commitment to undertake such steps.
- z) The fair market value of the Sub 3 shares and cash issued by Sub 3 to Sub 2 in exchange for Note 5 was equal to the fair market value of the Sub 2 Country E Branch Target Assets transferred to DRE 2.
- aa) The fair market value of the partnership interest issued by FPRS 2 to Sub 3 in exchange for Note 5 was equal to the fair market value of the Sub 2 Country E Branch Target Assets transferred to DRE 2.
- bb) Sub 2 was neither issued, nor became the owner of, an interest in FPRS 2.
- cc) Each transaction step was documented and implemented in a manner that complies with all applicable U.S. federal and state law and foreign law requirements.

Rulings

Based solely on the information provided and the representations set forth above, the transactions described in Steps (i) through (viii); (ix) through (xiv); (xv) through (xxii); and (xxiii) through (xxvi) are each circular and therefore disregarded for U.S. federal income tax purposes. See Rev. Rul. 77-191, 1977-1 C.B. 94; Rev. Rul. 57-311, 1957-2 C.B. 243; and Rev. Rul. 83-142, 1983-2 C.B. 68. Accordingly:

Sub 1 Country C Branch Restructuring

The transfer of the Target Assets of the Sub 1 Country C Branch pursuant to steps (i) through (viii) will be treated as if:

- (1) Sub 1 contributed the Target Assets of the Sub 1 Country C Branch to Sub 2;
- (2) Sub 2 contributed the Target Assets of the Sub 1 Country C Branch to Sub 3;
- (3) Sub 3 transferred the Target Assets of the Sub 1 Country C Branch to FPRS 2.

Sub 1 Country D Branch Restructuring

The transfer of the Target Assets of the Sub 1 Country D Branch pursuant to steps (ix) through (xiv) will be treated as if:

- (4) Sub 1 contributed the Target Assets of the Sub 1 Country D Branch to Sub 2;
- (5) Sub 2 contributed the Target Assets of the Sub 1 Country D Branch to Sub 3;
- (6) Sub 3 transferred the Target Assets of the Sub 1 Country D Branch to FPRS 2.

Sub 2 DRE 11 Restructuring

The transfer of a portion of the Target Assets of DRE 11 pursuant to steps (xv) through (xxii) will be treated as if:

- (7) Sub 2 contributed a portion of the Target Assets of DRE 11 to Sub 3;
- (8) Sub 3 transferred a portion of the Target Assets of DRE 11 to FPRS 2.

Sub 2 Country E Branch Restructuring

The transfer of the Target Assets of the Sub 2 Country E Branch pursuant to steps (xxiii) through (xxvi) will be treated as if:

- (9) Sub 2 contributed the Target Assets of the Sub 2 Country E Branch to Sub 3;

- (10) Sub 3 transferred the Target Assets of the Sub 2 Country E Branch to FPRS 2.

In each transfer described in Rulings (1) through (10), each transferee will be treated as receiving the property it was deemed to receive.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the Federal tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed on whether transfers of the Target Assets or any other Completed Transaction meet the requirements of section 482, or the regulations promulgated thereunder. Also, no opinion is expressed on whether transfers of the Target Assets or any other Completed Transaction will meet any of the requirements of section 721, or the regulations promulgated thereunder, or on the application of any other provision under Subchapter K.

Procedural Statements

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter must be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transactions described herein are completed. Alternatively, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to its federal income tax return that sets forth the date and control number of this ruling letter.

Under a power of attorney on file with this Office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Mark J. Weiss
Chief, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: